

AMENDED IN SENATE JUNE 29, 2009

AMENDED IN SENATE APRIL 2, 2009

SENATE BILL

No. 570

Introduced by Senator Maldonado

February 27, 2009

~~An act to add Section 22358.1 to the Vehicle Code, relating to vehicles. An act to amend Sections 8880.4, 8880.56, 8880.64, 8880.65, and to repeal Section 8880.63 of the Government Code, relating to the California State Lottery, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 570, as amended, Maldonado. ~~Vehicles: prima facie speed limits: rural roads.~~ California State Lottery.

(1) *The California State Lottery Act of 1984, enacted by initiative, authorizes a California State Lottery and provides for its operation and administration by the California State Lottery Commission and the Director of the California State Lottery, with certain limitations. Existing law establishes the State Lottery Fund, as a special fund that is continuously appropriated for the purposes of the California State Lottery.*

Existing law requires that not less than 84% of the total annual revenues from the sale of state lottery tickets or shares be returned to the public in the form of prizes and net revenues to benefit public education, and that no more than 16% of those revenues be used for expenses of the lottery. Existing law requires that all unclaimed prize money revert to the benefit of public education, and that all of the interest earned upon funds held in the State Lottery Fund be allocated

to the benefit of public education. Existing law defines net revenues for the purposes of the act.

This bill would require instead, commencing with the 2009–10 fiscal year, that not less than 87% of the total annual revenues of the state lottery be returned to the public, and no more than 13% be used for lottery expenses. The bill would define total revenues of the state lottery to include revenue from the sale of tickets or shares, merchandising revenue, advertising revenue, interest earnings on moneys in the State Lottery Fund, and unclaimed prizes. The bill would modify the definition of net revenues, as specified.

(2) Existing law requires that 50% of the total annual lottery revenues be returned to the public in the form of prizes, and that 34% of those revenues be used to benefit public education.

This bill would require, instead, that not less than 50% of the total annual lottery revenues, in an amount to be determined by the commission, be returned to the public in the form of prizes. The bill would also require the commission to establish the percentage to be allocated for specified public education purposes to maximize the total net revenues for public education, provided that total net revenues for public education during any fiscal year after the 2010–11 fiscal year would be prohibited from being less than \$1,280,000,000.

The bill would also require the commission, each fiscal year, to allocate \$1,000,000 to the Office of Problem and Pathological Gambling within the State Department of Alcohol and Drug Programs for problem gambling awareness and treatment programs, and would require the director of that office to report to the commission on the effectiveness of problem gambling awareness and treatment efforts.

(3) Existing law requires that, to the extent that expenses of the lottery are less than 16% of the total annual revenues, any surplus funds be allocated to the benefit of public education.

This bill would provide, instead, that, to the extent that expenses of the lottery are less than 13% of the total annual revenues, any surplus funds may be carried over from year to year upon a determination by the commission that the carryover furthers the purpose of the act, provided that the annual total revenues for any year allocated for payment, plus carried over revenues, shall not exceed 16% of the annual total revenues for the year in which carried over revenues are available. Excess carried over revenue would be returned to the public pursuant to the provisions above.

(4) Existing law requires that all unclaimed prize money revert to the benefit of public education, and that all of the interest earned upon funds held in the State Lottery Fund be allocated to the benefit of public education. Existing law requires at least 34% of the total annual revenues to be allocated to the benefit of public education, as specified. Existing law excludes specified reimbursements from that 34% of total annual revenues. However, existing law requires those reimbursements to be allocated for the benefit of public education, as specified.

This bill would delete those provisions.

(5) Existing law authorizes the Director of the California State Lottery to purchase or lease goods and services as necessary for effectuating the purposes of the act, as specified.

This bill would instead grant the director express authority, subject only to commission approval, to make any and all expenditures that are necessary or reasonable for effectuating the purposes of the act, as specified.

(6) Existing law requires the commission to adopt and publish competitive bidding procedures for the award of any procurement or contract involving an expenditure of more than \$100,000.

This bill would instead require the commission to adopt and publish those procedures for any procurement or contract involving an expenditure of more than \$500,000.

(7) The California State Lottery Act of 1984, an initiative measure, specifies that none of its provisions may be changed except to further its purpose by a bill passed by a $\frac{2}{3}$ vote of each house of the Legislature and signed by the Governor.

This bill would declare that it furthers the purpose of the act and would require a $\frac{2}{3}$ vote as an amendment of that act.

This bill would declare that it is to take effect immediately as an urgency statute.

~~Existing law authorizes the Department of Transportation, after consultation with the Department of the California Highway Patrol, whenever it determines upon the basis of an engineering and traffic survey on existing highway segments, or upon the basis of appropriate design standards and projected traffic volumes in the case of newly constructed highway segments, that a speed greater than 65 miles per hour would facilitate the orderly movement of vehicular traffic and would be reasonable and safe upon any state highway, or portion thereof, to declare, with the approval of the Department of the California Highway Patrol, a higher maximum speed of 70 miles per hour.~~

~~This bill would require the Department of Transportation, in consultation with the Department of the California Highway Patrol and interested parties as determined necessary by the Department of Transportation, to make an assessment as to whether it is appropriate to establish in statute a new prima facie speed limit with regard to undivided highways that were designed as rural roads but are now in areas that have experienced substantial residential development. This bill would require the department, if it determines a new prima facie speed limit is appropriate, to recommend a new prima facie speed limit for those roads, and any conditions that should apply to the roads that would be subject to the new speed limit. The bill would require the department to make a report to the Senate Committee on Transportation and Housing and the Assembly Committee on Transportation no later than June 30, 2010.~~

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 ~~SECTION 1. Section 8880.4 of the Government Code is~~
- 2 ~~amended to read:~~
- 3 ~~8880.4. Revenues~~*Total revenues of the state lottery, as defined*
- 4 ~~in Section 8880.65, for each fiscal year shall be allocated as~~
- 5 ~~follows:~~
- 6 ~~(a) Not less than 84 87 percent of the total annual revenues from~~
- 7 ~~the sale of state lottery tickets or shares shall be returned to the~~
- 8 ~~public in the form of prizes and net revenues to benefit public~~
- 9 ~~education. as follows.~~
- 10 ~~(1) Fifty percent of the total annual revenues shall be returned~~
- 11 ~~to the public in the form of prizes as described in this chapter. The~~
- 12 ~~commission shall determine the percentage of total revenues that~~
- 13 ~~shall be returned to the public in the form of prizes as described~~
- 14 ~~in this chapter, provided that the percentage shall not be less than~~
- 15 ~~50 percent of the total revenues.~~
- 16 ~~(2) At least 34 percent of the total annual revenues shall be~~
- 17 ~~allocated to the benefit of public education, as specified in Section~~
- 18 ~~8880.5. However, for~~*The percentage of the total revenues to be*
- 19 ~~allocated for public education as specified in Section 8880.5 shall~~
- 20 ~~be established by the commission at a level designed to maximize~~
- 21 ~~the total net revenues for public education, provided that total net~~

revenues for public education during any fiscal year after the 2010–11 fiscal year shall not be less than one billion two hundred eighty million dollars (\$1,280,000,000). For the 1998–99 fiscal year and each fiscal year thereafter, 50 percent of any increase in the amount calculated pursuant to this paragraph from the amount calculated in the 1997–98 fiscal year shall be allocated to school districts and community college districts for the purchase of instructional materials, on the basis of an equal amount per unit of average daily attendance, as defined by law, and through a fair and equitable distribution system across grade levels.

~~(3) All unclaimed prize money shall revert to the benefit of public education, as provided for in subdivision (c) of Section 8880.32.~~

~~(4) All of the interest earned upon funds held in the State Lottery Fund shall be allocated to the benefit of public education, as specified in Section 8880.5. This interest is in addition to, and shall not be considered as any part of, the 34 percent of the total annual revenues that is required to be allocated for the benefit of public education as specified in paragraph (2).~~

(3) One million dollars (\$1,000,000) shall be allocated to the Office of Problem and Pathological Gambling within the State Department of Alcohol and Drug Programs for problem gambling awareness and treatment programs. No later than April 1 of each year, the Director of the Office of Problem and Pathological Gambling shall report to the commission on the effectiveness of problem gambling awareness and treatment efforts. The funding provided pursuant to this paragraph shall not replace or limit any other problem gambling awareness or treatment activity determined by the director to further the purposes of this chapter.

~~(5)~~

(b) No more than ~~16~~ 13 percent of the total ~~annual~~ revenues shall be allocated for payment of expenses of the lottery as described in this chapter. To the extent that expenses of the lottery are less than ~~16~~ 13 percent of the total annual revenues, any surplus funds ~~also shall be allocated to the benefit of public education, as specified in this section or in Section 8880.5.~~ may be carried over from year to year upon a determination by the commission that the carryover furthers the purposes of this chapter, except that the total revenues allocated for payment, plus carried over revenue, shall not exceed 16 percent of the total revenues for the year in

1 *which carried over revenue is available. Excess carried over*
2 *revenue shall be allocated pursuant to subdivision (a).*

3 ~~(b)~~

4 (c) Funds allocated for the benefit of public education pursuant
5 to subdivision (a) are in addition to other funds appropriated or
6 required under existing constitutional reservations for educational
7 purposes. No program shall have the amount appropriated to
8 support that program reduced as a result of funds allocated pursuant
9 to subdivision (a). Funds allocated for the benefit of public
10 education pursuant to subdivision (a) shall not supplant funds
11 committed for child development programs.

12 ~~(e)~~

13 (d) None of the following shall be considered revenues for the
14 purposes of this section:

15 (1) Revenues recorded as a result of a nonmonetary exchange.
16 “Nonmonetary exchange” means a reciprocal transfer, in
17 compliance with generally accepted accounting principles, between
18 the lottery and another entity that results in the lottery acquiring
19 assets or services and the lottery providing assets or services.

20 (2) Reimbursements received by the lottery for the cost of goods
21 or services provided by the lottery that are less than or equal to
22 the cost of the same goods or services provided by the lottery.

23 ~~(d) Reimbursements received in excess of the cost of the same~~
24 ~~goods and services provided by the lottery, as specified in~~
25 ~~paragraph (2) of subdivision (e), are not a part of the 34 percent~~
26 ~~of total annual revenues required to be allocated for the benefit of~~
27 ~~public education, as specified in paragraph (2) of subdivision (a).~~
28 ~~However, this amount shall be allocated for the benefit of public~~
29 ~~education as specified in Section 8880.5.~~

30 SEC. 2. *Section 8880.56 of the Government Code is amended*
31 *to read:*

32 8880.56. (a) ~~Notwithstanding other provisions of law any other~~
33 ~~provision of this chapter or of any other law, the director may~~
34 ~~purchase or lease goods and services as has express authority,~~
35 ~~subject only to commission approval, to make any and all~~
36 ~~expenditures that are necessary or reasonable for effectuating the~~
37 ~~purposes of this chapter, including, but not limited to, payment for~~
38 ~~the costs of supplies, materials, tickets, independent audit services,~~
39 ~~independent studies, data transmission, advertising, promotion,~~
40 ~~consumer, retailer, and employee incentives, public relations,~~

1 *communications, compensation paid to the lottery game retailers,*
2 *bonding for lottery game retailers, printing, distribution of tickets*
3 *or shares, reimbursement of costs of services provided to the lottery*
4 *by other governmental entities, and payment for the costs of any*
5 *other goods and services necessary or reasonable for effectuating*
6 *the purposes of this chapter.* The director may not contract with
7 any private party for the operation and administration of the
8 California State Lottery, created by this chapter. However, this
9 section does not preclude procurements—~~which~~ *that* integrate
10 functions such as game design, supply, advertising, and public
11 relations. In all procurement decisions, the director shall, subject
12 to the approval of the commission, award contracts to the
13 responsible supplier submitting the ~~lowest~~ and best proposal that
14 maximizes the benefits to the state in relation to the areas of
15 security, competence, experience, and timely performance, shall
16 take into account the particularly sensitive nature of the California
17 State Lottery and shall act to promote and ensure integrity, security,
18 honesty, and fairness in the operation and administration of the
19 lottery and the objective of raising net revenues for the benefit of
20 the public purpose described in this chapter. *With regard to*
21 *employee incentives, the director shall exercise his or her authority*
22 *consistent with the provisions of Chapter 10.3 (commencing with*
23 *Section 3512) of Division 4 of Title 1.*

24 (b) Notwithstanding any other provision of this chapter, the
25 following shall apply to contracts or procurement by the lottery:

26 (1) To ensure the fullest competition, the commission shall
27 adopt and publish competitive bidding procedures for the award
28 of any procurement or contract involving an expenditure of more
29 than ~~one~~ *five* hundred thousand dollars ~~(\$100,000)~~ *(\$500,000)*. The
30 competitive bidding procedures shall include, but not be limited
31 to, requirements for submission of bids and accompanying
32 documentation, guidelines for the use of requests for proposals,
33 invitations to bid, or other methods of bidding, and a bid protest
34 procedure. The director shall determine whether the goods or
35 services subject to this paragraph are available through existing
36 contracts or price schedules of the Department of General Services.

37 (2) The contracting standards, procedures, and rules contained
38 in this subdivision shall also apply with respect to any subcontract
39 involving an expenditure of more than ~~one~~ *five* hundred thousand
40 dollars ~~(\$100,000)~~ *(\$500,000)*. The commission shall establish, as

1 part of its bidding procedures for general contracts, subcontracting
2 guidelines that implement this requirement.

3 (3) The provisions of Article 1 (commencing with Section
4 11250) of Chapter 3 of Part 1 of Division 3 apply to the
5 commission.

6 (4) The commission is subject to the Small Business
7 Procurement and Contract Act, as provided in Chapter 6.5
8 (commencing with Section 14835) of Part 5.5 of Division 3.

9 (5) In advertising or awarding any general contract for the
10 procurement of goods and services exceeding five hundred
11 thousand dollars (\$500,000), the commission and the director shall
12 require all bidders or contractors, or both, to include specific plans
13 or arrangements to utilize subcontracts with socially and
14 economically disadvantaged small business concerns. The
15 subcontracting plans shall delineate the nature and extent of the
16 services to be utilized, and those concerns or individuals identified
17 for subcontracting if known.

18 It is the intention of the Legislature in enacting this section to
19 establish as an objective of the utmost importance the advancement
20 of business opportunities for these small business concerns in the
21 private business activities created by the California State Lottery.
22 In that regard, the commission and the director shall have an
23 affirmative duty to achieve the most feasible and practicable level
24 of participation by socially and economically disadvantaged small
25 business concerns in its procurement programs.

26 By July 1, 1986, the commission shall adopt proposal evaluation
27 procedures, criteria, and contract terms which are consistent with
28 the advancement of business opportunities for small business
29 concerns in the private business activities created by the California
30 State Lottery and which will achieve the most feasible and
31 practicable level of participation by socially and economically
32 disadvantaged small business concerns in its procurement
33 programs. The proposal evaluation procedures, criteria, and
34 contract terms adopted shall be reported in writing to both houses
35 of the Legislature on or before July 1, 1986.

36 For the purposes of this section, socially and economically
37 disadvantaged persons include women, Black Americans, Hispanic
38 Americans, Native Americans (including American Indians,
39 Eskimos, Aleuts, and Native Hawaiians), Asian-Pacific Americans
40 (including persons whose origins are from Japan, China, the

1 Philippines, Vietnam, Korea, Samoa, Guam, the United States
2 Trust Territories of the Pacific, Northern Marianas, Laos,
3 Cambodia, and Taiwan), and other minorities or any other natural
4 persons found by the commission to be disadvantaged.

5 The commission shall report to the Legislature by July 1, 1987,
6 and by each July 1 thereafter, on the level of participation of small
7 businesses, socially and economically disadvantaged businesses,
8 and California businesses in all contracts awarded by the
9 commission.

10 (6) The commission shall prepare and submit to the Legislature
11 by October 1 of each year a report detailing the lottery's purchase
12 of goods and services through the Department of General Services.
13 The report shall also include a listing of contracts awarded for
14 more than one hundred thousand dollars (\$100,000), the name of
15 the contractor, amount and term of the contract, and the basis upon
16 which the contract was awarded.

17 The

18 (c) The lottery shall fully comply with the requirements of
19 paragraphs (2) to (5), inclusive, of subdivision (b), except that any
20 function or role which is otherwise the responsibility of the
21 Department of Finance or the Department of General Services
22 shall instead, for purposes of this subdivision, be the sole
23 responsibility of the lottery, which shall have the sole authority to
24 perform that function or role.

25 (d) Where a conflict exists between the provisions of this chapter
26 and any other provision of law, the provisions of this chapter shall
27 control.

28 SEC. 3. Section 8880.63 of the Government Code is repealed.

29 ~~8880.63. As nearly as practical, 50 percent of the total projected~~
30 ~~revenue, computed on a fiscal-year basis, accruing from the sales~~
31 ~~of all lottery tickets or shares shall be apportioned for payment of~~
32 ~~prizes.~~

33 SEC. 4. Section 8880.64 of the Government Code is amended
34 to read:

35 8880.64. (a) Expenses of the lottery shall include all costs
36 incurred in the operation and administration of the lottery and all
37 costs resulting from any contracts entered into for the purchase or
38 lease of goods and services required by the lottery, including, but
39 not limited to, the costs of supplies, materials, tickets, independent
40 audit services, independent studies, data transmission, advertising,

1 promotion, incentives, public relations, communications,
2 compensation paid to the lottery game retailers, bonding for lottery
3 game retailers, printing, distribution of tickets or shares,
4 reimbursement of costs of services provided to the lottery by other
5 governmental entities, and for the costs for any other goods and
6 services necessary for effectuating the purposes of this chapter
7 pursuant to Section 8880.56. As a promotional expense, the
8 commission may supplement the prize pool of a game or games
9 upon its determination that a supplement will benefit the public
10 purpose of this chapter.

11 ~~(b) (1) Not more than 16 percent of the total annual revenues~~
12 ~~accruing from the sale of all lottery tickets and shares from all~~
13 ~~lottery games shall be expended for the payment of the expenses~~
14 ~~of the lottery.~~

15 ~~(2)~~

16 (b) Expenses recorded as a result of a nonmonetary exchange
17 shall not be considered an expense for the purposes of Section
18 8880.4 and this section. “Nonmonetary exchange” means a
19 reciprocal transfer, in compliance with generally accepted
20 accounting principles, between the lottery and another entity that
21 results in the lottery acquiring assets or services and the lottery
22 providing assets or services.

23 SEC. 5. Section 8880.65 of the Government Code is amended
24 to read:

25 8880.65. Transfer of Net Revenues

26 ~~The funds remaining in the State Lottery Fund after accrual of~~
27 ~~all revenues to the State Lottery Fund, and For the purposes of~~
28 ~~this chapter, the total revenues of the lottery shall include all~~
29 ~~revenue received by the California State Lottery, including, but~~
30 ~~not limited to, revenue from the sale of tickets or shares,~~
31 ~~merchandising revenue, advertising revenue, interest earnings on~~
32 ~~moneys in the State Lottery Fund, and unclaimed prizes returned~~
33 ~~to or retained by the State Lottery Fund. The net revenues of the~~
34 ~~lottery shall include total revenues remaining after accrual of all~~
35 ~~obligations of the Lottery for prizes; and expenses, and the~~
36 ~~repayment of any funds advanced from the temporary line of credit~~
37 ~~for initial startup costs and interest thereon shall be deemed to be~~
38 ~~the net revenues of the Lottery. The net revenues of the Lottery~~
39 ~~shall be transferred from the State Lottery Fund not less than~~
40 ~~quarterly to the California State Lottery Education Fund.~~

1 *SEC. 6. The Legislature finds and declares that this act furthers*
2 *the purpose of the California State Lottery Act of 1984, enacted*
3 *by Proposition 37 at the November 6, 1984, statewide general*
4 *election.*

5 *SEC. 7. This act is an urgency statute necessary for the*
6 *immediate preservation of the public peace, health, or safety within*
7 *the meaning of Article IV of the Constitution and shall go into*
8 *immediate effect. The facts constituting the necessity are:*

9 *Because the state is currently in a fiscal crisis, and this act will*
10 *generate much needed revenue, it is necessary that this act take*
11 *effect immediately.*

12 ~~SECTION 1. Section 22358.1 is added to the Vehicle Code,~~
13 ~~to read:~~

14 ~~22358.1. Notwithstanding any other law, the Department of~~
15 ~~Transportation, in consultation with the Department of the~~
16 ~~California Highway Patrol and interested parties as determined~~
17 ~~necessary by the Department of Transportation, shall make an~~
18 ~~assessment as to whether it is appropriate to establish in statute a~~
19 ~~new prima facie speed limit with regard to undivided highways~~
20 ~~that were designed as rural roads but are now in areas that have~~
21 ~~experienced substantial residential development. In making its~~
22 ~~assessment, if the department determines a new prima facie speed~~
23 ~~limit is appropriate, the department shall recommend the new prima~~
24 ~~facie speed limit for these roads and any conditions that should~~
25 ~~apply to the roads that would be subject to the new speed limit.~~
26 ~~The department shall make a report to the Senate Committee on~~
27 ~~Transportation and Housing and the Assembly Committee on~~
28 ~~Transportation no later than June 30, 2010.~~